

Wal-Mart Launches World's Largest Private Satellite Network

(Continued from page 1)
the edge of the satellite's broadcast footprint.

The hub station, which includes the control unit and equipment to interface with computer centers, telephone PBXs and video sources, needs the larger antenna to ensure the best reception of information carried on the narrow portion of the Ku-band frequency assigned to Wal-Mart. The PESs include transmitting and receiving equipment and hardware to interface with the stores' computer and telephone systems.

Transmissions are sent via the Satellite Business System SBS 4 satellite, one of about a dozen Ku-band satellites. Communications between headquarters and stores are staggered to insure an orderly signal flow on Wal-Mart's narrow Ku-band, thereby avoiding short bursts of massive transmissions that would require a wider, more expensive band that wouldn't be fully used for long periods of time.

Most PESs were installed by National Communications Services, with the dishes on steel poles up to 23 feet high, cantilevered over the stores' roofs, facing the orbiting SBS.

Company chairman Samuel M. Walton and president David Glass inaugurated the network in mid-January with a 15-minute live audio/video transmission to all company stores and divisions scattered in 24 states. Wal-Mart is the "nation's foremost corporate

pioneer in establishing a network of this type," Walton told the more than 185,000 workers watching at headquarters, stores and distribution centers.

The multi-million dollar network, two-and-one-half years in the making, is the outgrowth of a \$16 million contract (see DSN, May 13, 1985, page 62) to provide the equipment for a turnkey satellite communication network to connect the Bentonville headquarters with just 750 Wal-Mart discount stores and Sam's Wholesale Club units as well as two DCs.

As the company grew, the network flowered into a more sophisticated and expensive effort whose undisclosed total cost included about \$1 million to set up the main hub station in Bentonville in mid-1985 and between \$2,800 and \$3,500 per site on average to install the PES very small aperture terminals at the stores and warehouses. Leasing time on the satellite runs about an additional \$50,000 a month.

Wal-Mart will obtain a number of paybacks, executives at the chain told DSN and *Satellite Communications Magazine*, a technical publication. These include:

- Improved data communication for computers and for credit card authorization, the key benefit of a satellite network. Digital computer data and voice transmissions are sent at 56 kilobits per second, compared to the 12 or 24 kilo-

bits per second over telephone lines.

Using the satellite network, computer data information is collected on the average of 12 times a day from the stores, rather than the twice daily polling using telephone lines.

- More reliable, faster and accurate credit card authorization to help speed up checkout service. Wal-Mart is interested in the credit card firms directly tying into its satellite network to reduce the use of less reliable land line links.

The network's reliability was evident from operational records during its installation. About 50 Wal-Marts were on the network by the end of 1986

and stores were added at the rate of about 150 a month last year. During this time, the system was operational more than 99 percent of the time.

- Cutting telephone costs, perhaps by 20 percent to 30 percent, while providing high speed, constant communications in place of the slower, less certain services offered by 400 different phone companies, many in rural areas and some without touch-tone capability.

Voice compression is used to transmit voice at 16 kilobits per second. Echo cancellation techniques implemented in digital signal processors minimize the effects of echo, while

descrambling modules allow reception of cryptographically protected audio signals and a scrambled video signal.

- Instant "delivery" of training programs by recording sessions on videotape and then transmitting that master video to stores for recording and playback on a VCR. Besides the faster delivery, the network's video function avoids the need and expense of mailing out tapes or films to the over 1,200 stores.

Video signals are broadcast analog video, transmitted on a separate transponder on the satellite. The video is picked up on standard satellite FM video receivers.

Walton Receives NRMA Gold Medal

(Continued from page 1)
boy from Kingfisher, Okla., who went on to make Bentonville one of the capitals of the retail world," Walton delivered a freewheeling 15-minute address punctuated by asides to his friends and competitors in the audience.

He reminisced about the early years, when no one believed his projections for the company. As an occasional guest lecturer, he would tell students where the company was going, particularly after it hit "big" cities like Fort Smith, Ark.

"The professors just shook their heads," Walton said. In 1969, with the company reeling under debt, Walton and his financial people went to New York City to borrow \$1 million, bringing along a financial plan that showed the company growing from \$21 million in sales to \$150 million in five years. The New York bankers "weren't buying it," so Walton returned to Arkansas empty-handed. Six months later, the company went public.

Walton has always maintained that the secret of Wal-Mart's success is profoundly simple—the company supplies

small-town consumers with brand names at low prices in a friendly environment.

"Our company believes in people," he said. "It's a partnership that through the years has been very important. We believe in sharing with our people." He cited a recent stock shrinkage incentive plan and above-plan profit sharing as examples.

Wal-Mart is obsessed with controlling expenses to "keep prices as low as they can be," Walton said. "In recent years, we've lowered, not raised, prices."

Walton also cited flexibility and the willingness to try new ideas as key issues. Then he quoted Connecticut grocer Stew Leonard's maxim concerning customer relations. "Rule No. 1 is that the customer is always right. Rule No. 2 is if the customer is wrong, refer to rule No. 1."

Wal-Mart created a splash two years ago with an aggressive "Buy American" campaign, in which the company pledged to search out domestic sources for its merchandise. "We had three buying offices overseas; we were as guilty as anyone else," Walton said in his address.

"But we canvassed and found U.S. manufacturers who, if you gave them orders in advance and ordered enough, provided goods that were just as good as or better than the imports."

Walton listed several of the program's success stories, which he said have created 17,000 to 18,000 American jobs and accounted for \$1.2 billion in sales at retail.

Walton began his retailing career after returning from World War II. He had worked for J.C. Penney briefly after receiving a degree in economics from the University of Missouri in 1940.

Using money he saved during the war, he parlayed his Penney experience into a Ben Franklin variety store franchise. He and his brother opened 15 more Ben Franklins, mostly in Arkansas, through the 1950s until Sam, in his travels, happened upon the infant discount industry.

When it became evident that Ben Franklin management was not as enamored of discounting as Sam was, he split off and opened the first Wal-Mart, in Rogers, Ark., in 1962. The chain grew slowly

during the decade, keeping a low profile and concentrating on small, Southern markets.

After going public in 1969 when Wal-Mart operated 18 stores, the company grew rapidly and by the late '70s had become one of the largest retailers in the country. However, Wal-Mart's most dramatic growth and its status as a Wall Street darling arrived with the '80s. The company has exploded, pacing the industry in sales and profit growth on its way to becoming the world's largest retailer sometime in the early 1990s.

At an age when most men are comfortably retired, Walton has remained unquestionably in charge at Wal-Mart. He has twice tried limited retirements but each time cut the attempts short, explaining that he couldn't stay away. His executives reported that he never really left, but bombarded them with phone calls and office visits.

In a recent interview, Walton conceded that his lifestyle wasn't for everyone. Anyone, he said, could duplicate his success with enough work and a little bit of luck, but there's a cost in family life and personal relationships.

Overall, though, Walton seems to feel the price is worthwhile. He maintains a brutal schedule of nonstop meetings, trips to his more than 1,000 stores and a steady diet of public appearances.

Through it all, those close to him report, he has maintained the common touch that has been one of his trademarks. During his Gold Medal acceptance speech, Walton addressed that issue. "I'm worried about my carefully cultivated humility," Walton said, reporting that he had recently bought a new pickup truck and a new shotgun.

Walton, considered the wealthiest man in the U.S., has set up a series of educational grant programs in recent years, which primarily assist students in rural areas to pursue business careers.

Of his approach to people, he once said, "The reason for our success is our people and the way they're treated. All of us like to be recognized and appreciated. We need to feel the role we play or what we do is important. I didn't start out with that philosophy... but I came to develop it and appreciate it."

DISCOUNT STORE NEWS

(ISSN 0012-3587), is published biweekly—every other Monday except issues of Aug. 22 and Sept. 12, which are published every third week; monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: *Retailers and wholesalers*—one year, \$15; *Canada*: one year, \$17; *Manufacturers and their reps, schools, libraries, gov't. agencies and all others*—one year, \$30; *Canada*: one year, \$32; *Foreign subscriptions*: Airmail only, \$175 (U.S. \$) per year. Single copy rate, \$2, except annual census issue, \$20. Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

Copyright © 1988 by Lebhar-Friedman Inc. All rights reserved. Postmaster: please send address changes to Subscription Department, Discount Store News, 305 Madison Ave., Suite 535, New York, N.Y. 10164-0659. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 27, No. 3 Feb. 1, 1988

Drapes, Skirts, Icicles, Garlands, Ornaments and more, all in high-appeal packaging, from the company that's known for quality.

Call or write for our full color, 24-page catalog.



UNION WADDING COMPANY

P.O. Box 608, Pawtucket, RI 02862 (401) 738-3880

PRINTED IN CANADA BY THE UNION WADDING COMPANY, INC.
© 1988 Union Wadding Company, Inc.

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 27, NO. 4

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

\$2 per copy
February 15, 1988

Wal-Mart Hands CEO Crown to Glass

By Donald Longo

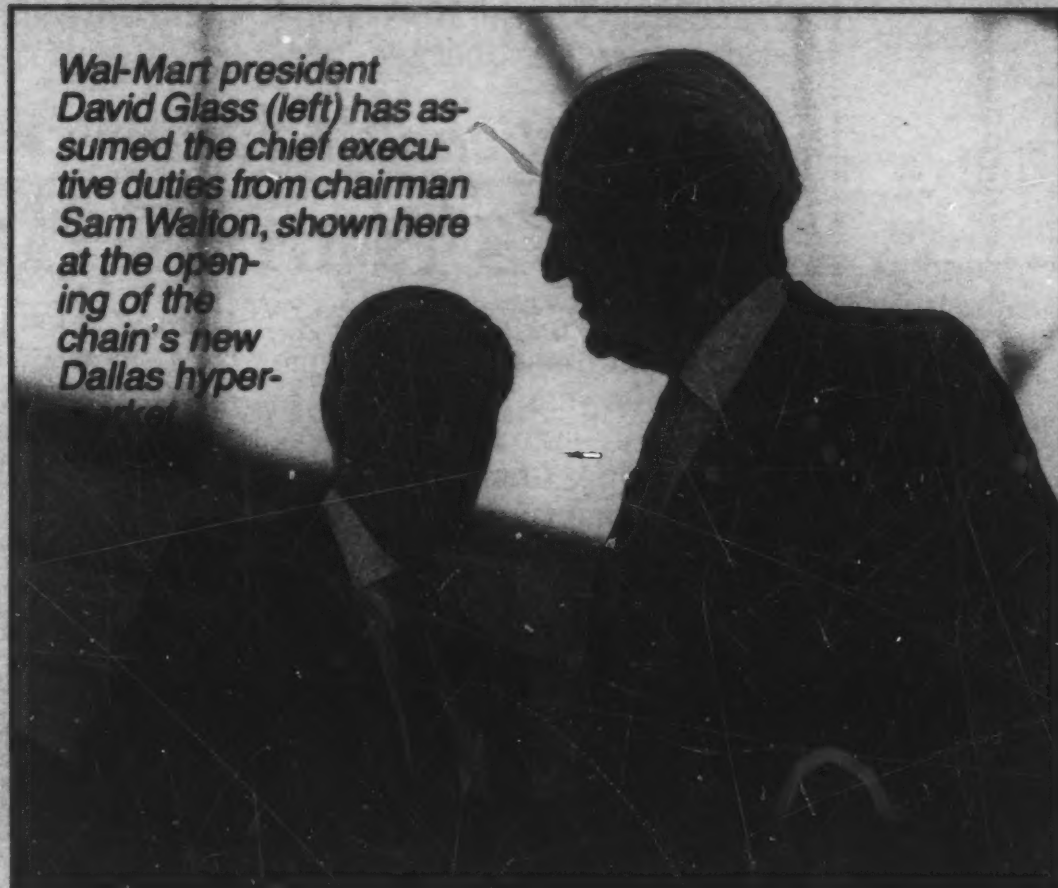
BENTONVILLE, Ark. — In separate, simultaneous announcements that for now establish an apparent successor to Sam Walton's retail legacy, Wal-Mart Stores president David Glass was promoted to chief executive officer, while vice chairman/chief financial officer Jack Shewmaker, the other leading candidate for Walton's throne, announced his retirement.

Wal-Mart also announced a restructuring of senior management that elevates a cadre of executives to positions of greater responsibility.

The moves allow the fast-growing retailer to avoid a power struggle for succession in the event that the 69-year-old Walton were to step down as chairman. They also illustrate Wal-Mart's uncanny ability to groom competent managers to fill the shoes of one of the most talented retailing executives in the country.

"You always hate to see such a talented, respected, smart and hands-on person like Shewmaker leave a company," said Jack Seibald, an investment analyst at Salomon Brothers, New

Wal-Mart president David Glass (left) has assumed the chief executive duties from chairman Sam Walton, shown here at the opening of the chain's new Dallas hyper-



York. "But, in a company like Wal-Mart, the team is so strong that the talent transcends the ceo spot to lower levels. There wasn't a name [among those promoted] that I didn't know."

In a statement released Feb. 1, Walton, who will turn 70 next month, said that Glass, "has exhibited excellent leadership and management skills during the last four years as president and chief operating officer, and prior to that, as chief financial officer for seven years."

Walton, despite relinquishing the ceo title, pledged to remain active as chairman of Wal-Mart and noted that Shewmaker will continue to serve Wal-Mart as a director and consultant.

Glass told DSN the two announcements "aren't related. He [Shewmaker] was going to retire regardless" of the restructuring, which he attributed "principally due to our growth."

He added, "In looking at our business, we had the benefit of being able to observe the experiences of other companies that grew to a large size before us." Glass noted that the re-

(Continued on page 99)

Carrefour Opens U.S. Hypermarket; Maintains True to European Roots

By Arthur Markowitz

PHILADELPHIA — Carrefour has finally joined the growing roster of hypermarkets in the United States, opening its first store here and projecting "sometime in 1989" as the target for its delayed Brookhaven, N.Y., unit.

The company, a \$9 billion French retailing conglomerate that pioneered the hypermarché concept over two decades ago, opened a Carrefour in northeast Philadelphia, a 330,000-square-foot store pro-

(Continued on page 100)



Low gondolas, spacious aisles and wide assortments of merchandise are key features of Carrefour's hypermarket. (DSN photo)

K mart Eyes Purchase Of Interest in Makro

CINCINNATI — K mart is negotiating to acquire Makro, the European-style membership wholesale club operation based here. A spokeswoman for the discounter confirmed that K mart is engaged in discussions with SHV Holdings of the Netherlands to purchase an interest in the membership club chain.

The acquisition could be a significant one for K mart because the unique nature of Makro's operations would offer the discounter the opportunity to make a grand entrance into the booming membership warehouse club and hypermarket industries simultaneously.

The company had previously announced that it intended to open a hypermarket, now reportedly called American Fair, in partnership with grocer Bruno's, sometime late this summer. According to a Bruno's spokeswoman, the

(Continued on page 99)

Discount Store Losses Dim Zayre Corp. Results

By Peter Hisey

FRAMINGHAM, Mass. — Partly as a consequence of a massive \$40 million write-down taken in the second quarter and slow Christmas sales, the Zayre Stores division of Zayre Corp. expects to show a loss for the fourth quarter and the fiscal year ended Jan. 31.

On the bright side, the company expects to show an overall profit, due mainly to the performance of its TJX Companies subsidiary and one-time profits from the sale of part of its interest in TJX as well as a change in accounting methods.

Last summer, Zayre announced that it would take a \$40 million write-down to clear obsolete inventory and to competitively reprice a wide array of products, principally in hard lines.

(Continued on page 8)

Becomes No. 2 Auto Chain

Schuck's Group Buys Auto Works

By Richard C. Halverson

PONTIAC, Mich. — In one leap, Northern Automotive has jumped into the No. 2 slot in the automotives aftermarket by acquiring the 252 stores of Perry Drug Store's \$133 million Auto Works division.

On a consolidated basis, sales for the five chains Northern Automotive has acquired over the past three years would be "in excess of \$600 million" for the retail year ended January 1988, said Charles Engel, vice president

(Continued on page 36)



Northern Automotive, in a \$51 million deal, acquired the 252 units of Auto Works from Perry Drug Stores. (DSN photo)

Jewelry
For Spring

Video Games, Tapes
Lure CE Buyers

K mart Cosmetics

Trends in
Office

MS JEANNE LONG
CONGRESSIONAL INFO SVC
4520 EAST-WEST HIGHWAY
BETHESDA
MD 20814

BEST COPY AVAILABLE

MARKETWATCH

K mart Adds 16 Bank Centers in Philly

PHILADELPHIA — K mart has added leased First Nationwide Bank financial service centers to 16 stores in the Greater Philadelphia area. Banking centers will be opened in additional Philadelphia stores this year.

Dart Ups Bid for Bradlees' Parent

LANDOVER, Md. — The Dart Group increased on Feb. 1 its bid for Bradlees' parent, Stop & Shop, by \$1 to \$31. In response, Wall Street continued to run up the price to \$33.87, as of Feb. 3. Dart, owner of Crown Book and Trak Auto stores, also made its new offer contingent on the Stop & Shop's board surrendering control without a fight. Dart set an expiration date of Feb. 29 on its tender. In a filing with the Securities and Exchange Commission, Dart said it doesn't plan to sell either the supermarkets or Bradlees but said it might sell, and perhaps lease back, other, unnamed assets.

OTASCO Sells 260 Dealer-Owned Units

TULSA, Okla. — OTASCO has sold its 260 dealer stores to the CoastAmerica hardware chain for an undisclosed amount. That leaves OTASCO with 221 company-owned stores with 1987 sales of \$250 million. The dealer stores accounted for only \$50 million in 1987 for OTASCO's now-eliminated wholesale division. The remaining company stores will continue to carry a merchandise mix of 40 percent automobiles, 20 percent seasonal lawn & garden and 40 percent brown and white hard goods.

Ross Stores Names Ferber as CEO

NEWARK, Calif. — Off-pricer Ross Stores has named company president Norman Ferber, 39, to the post of chief executive officer, a position previously held by Stuart Moldaw. Ross said Moldaw will remain with the 132-store chain as chairman of the board. Moldaw had taken on the ceo title last February when then president and ceo Donald Rowlett left the company (See DSN, March 16, 1987).

Family Dollar Sales Up 16%

MATTHEWS, N.C. — Family Dollar Stores, the 1,317-unit discounter based here, declared a quarterly cash dividend last month of 8 cents per share payable on April 15. Payment will be made to shareholders of record as of March 15. The last cash dividend was 7 cents, payable in the previous quarter. It also said sales rose 16 percent during the first quarter of 1988, ended Nov. 30, 1987, but net earnings fell by the same percentage, to \$4.75 million. The sales gain was due to record December sales, up 21 percent from a year ago. The income fall was due to disappointing November sales and lower gross profit margins.

INDEX

Apparel	31
At the Source	36
Floral Designs Brighten Hats, Accessories	35
J. Baker Revamps Shoes at TSS	34
Kids' Costume Jewelry	31
Manufacturer News	37
Spring Jewelry Blends Movement, Tradition	31
Calendar of Events	90
Classified	91
Editorial	6
Little in Common at Two Hypermarkets	6
Executive Changes	11
Finance Watch	95
Hard Lines	49
At the Source	68
Higher Protection Sun Care Gains Sales	62
K mart Cosmetics Get Face Lift	49
Manufacturer News	74
Paper Party Goods Biz Growing	63
Tight Market in Sporting Goods	66
Home Products	39
At the Source	46
CE Buyers Look to Video Games, Cassettes	39
Discounters Benefit from Photo Boom	39
Manufacturer News	45
Scenes from the Housewares Show	43
White Sale Promotions	44
Hypermart USA Brings Act to Topeka	13
Insights: Home Office	77
Discounters Dial Profits with TADs	77
Fashion, Color in Non-Electric Products	85
Home Office Computer Accessories	86
Research: Growth Seen for Fax, Copiers	80
Retailers Wary of Uncertain Market	82
Retail Management Development Series	88
Retail Resources	28
Retail Technology	27
Artificial Intelligence Coming to Retailing	4

Stephen Goldberger, Founder's Son, Elected Chairman of Hills' Board

CANTON, Mass. — Stephen A. Goldberger, president and chief executive officer of Hills Department Stores, was elected chairman of the board by the company's board of directors on Feb. 1.

Goldberger, 45, assumes the title from his late father Herbert H. Goldberger, who died on Dec. 16, 1987. He will hold all three positions at Hills, a spokeswoman said.

There will not be any significant changes in the Hills operation since Goldberger has

long been at the helm of the discount chain and worked closely with his father, company officials said.

Goldberger has been president of Hills since 1981. He joined the chain in 1971.

Since then, he has held various soft lines positions in addition to controller, vice president, finance and administration, vice president, merchandising and sales promotions, and executive vice president before becoming president seven years ago.



Stephen A. Goldberger

Former Nichols Executive VP, CFO

Heck's Names Hemsley as CFO

NITRO, W.Va. — Heck's, which next month marks completion of a year in Chapter 11 bankruptcy, has filled the position of chief financial officer.

The appointment of Maarten Hemsley, previously the cfo for S.E. Nichols, New York, as executive vice president, finance, and cfo, means that board chairman Russell L. Isaacs shed yet another of his responsibilities.

Until five months ago,

Isaacs was wearing three hats, that of chairman, chief executive officer and chief financial officer. When John Isaac left as head of Service Merchandise catalog showrooms to become Heck's president, he took over the role of ceo from Isaacs.

Until now, Heck's had left the position of cfo vacant for two years, following the resignation of J. Frederick Witschey. Isaacs, who was once

the cfo of Heck's before becoming chairman, reclaimed cfo responsibilities after Witschey left.

Hemsley's appointment follows another top-level change last September: the hiring of Kathy Hurley, as executive vice president, merchandising, said Bill Bragg, head of investor relations for Heck's. No other top-level changes are foreseen, Bragg said.

(Continued on page 11)

Debit Cards Topic at EFTA Expo '88

WASHINGTON — Retailer involvement with debit cards and other electronic fund transfer systems will be a key subject at EFTA Expo '88, the Electronic Funds Transfer Association's annual convention and show.

A new, related feature at the show will be the Shoppers Street, a realistic simulation of retail stores and services in which consumers can use various EFT technologies to "purchase" goods and "operate" equipment like vending machines and telephones.

Shoppers Street will be held in a separate, adjoining area of the Expo and will be open to the public. Participating firms will display services and products currently available, highlighting such EFT hardware and software as microchip-embedded "smart cards," debit cards, self-service reserva-

tions and ticketing, electronic catalog ordering, and cash, script and coupon dispensing.

EFTA Expo will be held April 10 to 13 at the Sheraton Washington Hotel, Washington D.C.

Retailer-oriented sessions include two concurrent panels to be held Monday April 11 from 2 p.m. to 3:15 p.m.:

"EFT in the Marketplace: Retailers as Promoters of EFT" will feature Joseph C. Denaro, Zayre vice president, as moderator. Richard L. Phegley, Exxon marketing advisor, and Albert A. Irator, American Express vice president of transaction services, will be the panelists.

"Information and Value Exchange, EFT via Cable TV and Videocassettes" will have Robert A. Mooney, J.C. Penney System Services president, as moderator. Stuart C.

MacIntire, president and chief executive officer of electronic retailer Telaction, and William O. Adcock Jr., chairman of Synergistics Research, are scheduled panelists.

Another session, on Tuesday, April 12, 9 a.m. to 10:30 a.m., "EFT in the Marketplace: Opportunities for Retailer Expense Control and Revenue Enhancement" will feature Robert L. Wieseneck, president of Sears Payment Systems, as moderator and R. Lee Paulson, Lucky Store's Cetron Transaction Systems president, and Eugene Gerke, Gerke Economics president, as panelists.

Information, registration and hotel reservations are available from the Electronic Funds Transfer Association, 1726 M St., N.W., Suite 1000, Washington D.C. 20036. Phone: (202) 659-2100.

Study: Bar Codes Right on Target

PITTSBURGH — Bar coding is "an extremely accurate and effective method of data capture" and implementing current technology should result in an error rate of less than one error for every one million characters read.

That's the conclusion reached by the Automatic Identification Manufacturers Inc.'s year-long Bar Code Systems Performance Test conducted at the State University of New York at Stony Brook.

Over 2 million reading attempts were made during the test. "The overall read rate was 95 percent with approximately one misread per 380,000 characters read," AIM said.

"However, based on the data from this study, it would be reasonable to expect that a bar code system could be im-

plemented today which would yield error rates better than one error for every 1 million characters read," AIM's Technological Symbolism Committee said in its report.

In an unrelated study, Symbol Technologies sponsored a Touche Ross International test of the reading efficiency of hand-held vs. slot scanners. The test found that Symbol's hand-held LS 7000 II "rated higher in first read performance than the two leading slot scanners," Spectra Physics and Metrologic units.

The AIM's test goal was to establish "baseline scan performance and accuracy levels that can be achieved with commonly-used bar code symbologies, technologies and equipment. This information will then provide a base for more specific tests in the future"

and "help users and vendors develop reasonable expectations for read and error rates and to design systems which will meet the performance needs of specific applications."

Over 20 million characters were read by hand-held scanners under "real world" conditions. Five wand and three laser units incorporating auto-discriminating technology (able to automatically recognize and decode more than one symbology) were used by 18 people to test seven symbologies: UPC version A and E which are the most commonly used bar codes, and more specialized codes, Interleaved 2-of-5; Code 39; Codabar; Code 128; and Code 93.

The symbols were printed by dot matrix, drum impact, direct thermal, flexographic,

(Continued on page 96)

Apparel

Spring Jewelry Blends Movement and Tradition

Nationwide DSN Report

Costume jewelry with matte and textured finishes and earrings with movement are working with traditional color stories at most discounters this spring and summer.

Discount chains as diverse in their merchandising philosophies as upscale Target and mainstream discounter ALCO are finding that "anything that is an item is important" for spring and summer jewelry, noted Michelle Forman, market representative at Arkin California, a buying office for Zayre, Gold Circle, and Venture, among others.

Primary Jewelry Focus

The primary jewelry focus rests on earrings in drops, elongated hoops, buttons, rosettes, geometrics and classic styles. Earrings with plenty of movement in matte gold, brights and black are especially important this year, said Forman.

"Drop earrings are very important," in a mixture of large and small pieces, agreed Jamie Boblitt, merchandising vice president with Accessories Associates Inc.

Lacy fan designs, seashells, skeletal outlines and two-toned earrings—in green with white, or pink with yellow—are looks also adding interest for spring and summer, according to Kae McCulloch, fashion consultant to the Jewelry Industry Council.

Earrings are also following a flow trend, coming in small and large

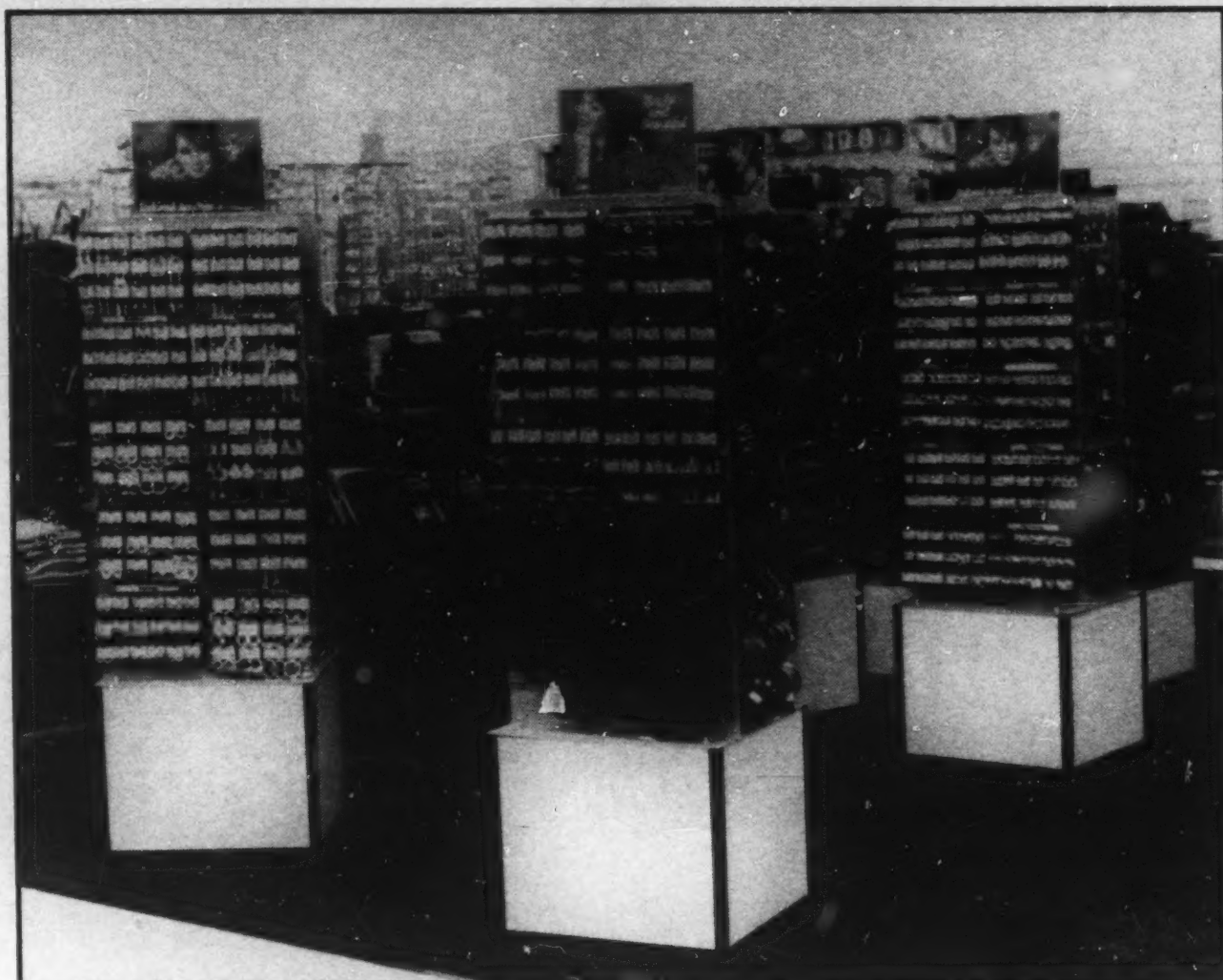
rosettes in metallics and brights. Testing the flower appeal is jewelry manufacturer R.N. Koch, which expects hair accessories and some jewelry to adapt well to florals, according to Dana Hooper, marketing manager for the company.

Lacy fan designs, seashells, skeletal outlines and two-toned earrings are also adding interest for spring and summer jewelry.

Starting the spring season are predominately pastel colors, and discounters like Minneapolis-based Target are stocking a supply of the muted shades in geometric and drop shaped earrings. These ice cream colors are paired with gold accents and picked up in beaded necklaces at Target.

The upscale discounter is also stocking a well-rounded supply of gold costume jewelry and fine jewelry and watches.

Jewelry makes an immediate impact as customers first enter Target's stores, where serviced counters and floor fixtures house the bulk of the stock. While low-priced jewelry is merchandised on turn racks, fine and bridge merchandise is placed in and



The primary jewelry focus for spring and summer rests on earrings in drops, elongated hoops and buttons, all with plenty of movement in matte gold, brights and black, as shown at this Fisher's Big Wheel. (DSN photo)

on the counter area at the store.

At Abilene, Kan.-based ALCO, jewelry is housed in the middle of accessories and next to the apparel area, where it can play off apparel sales. While buyer Allen Day allows vendors to work the stores, he does put together promotions for Mother's

Day, back-to-school and holiday.

Key price points at ALCO's jewelry department are between \$3 and \$4, with nothing over \$6. Since Day said pilferage is a major problem, the loss is accounted for in the markup.

Spring's pastel colors also show up (Continued on page 32)

Discounters Step into Fashion with Kids' Costume Jewelry

By Kenneth M. Chanko

Nationwide DSN Report

Now that many discounters have upscaled their children's apparel departments to reflect more fashion, the next logical step is to go after costume jewelry for size 4 to 6x and pre-teen girls.

And, that's exactly what a large number of full-line discounters are doing. Over the last year, such discount chains as Caldor, Jamesway, K mart, Wal-Mart, Ames, Glosser Bros., Rose's and Fisher's Big Wheel, among others, have either started carrying costume jewelry for young girls or have substantially expanded their jewelry offerings.

Most of the discount chains mentioned above, as well as other chains, now devote an entire freestanding tower fixture to kids' costume jewel-

'There's been a real trend in accessorizing kids' ready-to-wear, following the department store trend.

Total kids' business is a big development area.'

—Jane Thompson,
buyer, costume and fine jewelry,
Caldor

ry and hair ornaments, positioning it either in the jewelry area or in the children's apparel department. And in most cases, the jewelry supplier provides the fixturing and services

the merchandise that is supplied for the department.

Bracelets, earrings, necklaces, rings and boxed sets, mainly for the Christmas season, along with hair accessories, interpreted from juniors, is the majority of the business. Christmas and back-to-school are big selling periods, but so is Easter and "back-to-camp" in May.

Retailers and manufacturers said that since the discounter is paying more attention to its children's business, costume jewelry for children is a natural avenue to further expand the segment.

Newness is important, and most suppliers offer fresh looks on a monthly basis.

Most retailers got into this business through their regular costume jewelry service suppliers last spring.

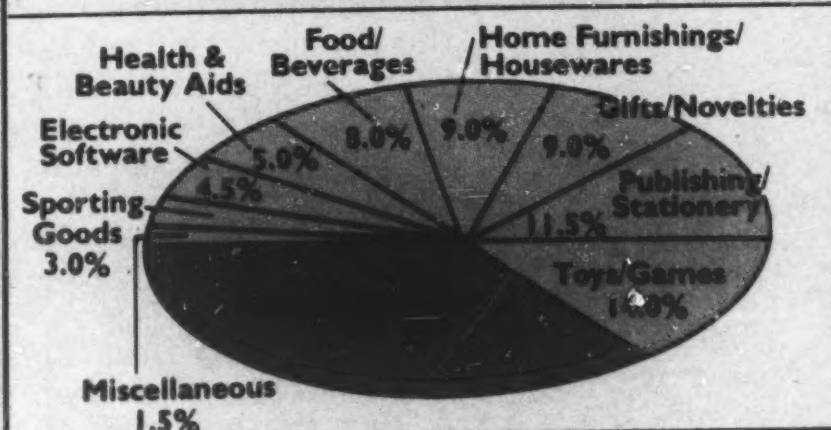
At Caldor, Jane Thompson, buyer of costume and fine jewelry, said kids' costume jewelry hit the stores last May. Now, the 117-unit discounter has a one-tower fixture in every store.

In most units, according to Thompson, the tower stands at the end of the jewelry area, which is close to the children's apparel area. The fixture holds \$4,000 worth of merchandise at retail, generating \$250 per square foot. Price points range from 99 cents to \$5.

"There's been a real trend in accessorizing kids' ready-to-wear, following the department store trend," said Thompson. "Total kids' business is a big development area."

Thompson said that in less than a year kids' costume jewelry went from (Continued on page 32)

Apparel Is Top Licensing Category



Source: "The Licensing Letter"

NEW YORK — Retail sales of licensed products last year were up about 3 percent to \$55.9 billion, with the apparel and accessories category the largest piece of the licensing pie. Licensed apparel and accessories products registered sales of \$19.2 billion, or 34.5 percent of all licensing sales. According to the industry publication, "The Licensing Letter," apparel and accessories saw the biggest sales gain last year, while toys and games recorded the sharpest drop. Corporate trademarks and brand names were the big gainers among licensed properties, while cartoon characters, though still the second-most popular type of licensed property, suffered the biggest decline. The No. 2 category after apparel was toys and games, with \$7.8 billion in sales, representing 14 percent of the licensed prod-

uct market; followed by publishing/stationery, with \$6.5 billion and 11.5 percent; and gifts/novelties, with \$5.1 billion and 9 percent of the market.

NATICK, Mass. — T.J. Maxx, the billion dollar-plus apparel off-pricer based here, has made a number of key merchandising appointments and promotions, including: David Carey, promoted to assistant vice president, divisional merchandise manager, domestics; Ronald Finestone, promoted to assistant vp, dmm, misses moderate and large size sportswear; Phil Jenis, promoted to assistant vp, dmm, accessories; Jack Lindner, named assistant vp, merchandising; and Kathryn Trail, named buyer of misses moderate sportswear.

MARKETWATCH